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NEWS RELEASE

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FOR RELEASE November 21, 2008

Auditor of State David A. Vaudt today released a report on a special investigation of the City of Macedonia for the period June 26, 2006 through September 30, 2008. The special investigation was requested by the Mayor as a result of concerns with certain checks issued to the former City Clerk. As a result of the concerns identified, the former City Clerk, Barbara Andersen, was placed on paid administrative leave on September 4, 2008. She resigned from her position on September 6, 2008.

Vaudt reported the special investigation identified \$37,097.16 of improper and unsupported disbursements. The improper disbursements of \$36,269.66 included \$12,947.16 for improper payroll issued to Ms. Andersen which was recorded in the City's payroll journal and \$20,893.52 of additional disbursements to Ms. Andersen which she reported as payroll to the Council but did not include in the payroll journal.

The improper disbursements also include \$796.80 reimbursed to Ms. Andersen's husband for her health insurance premiums and \$1,632.18 of reimbursements to Ms. Andersen which were for personal purchases or for which no explanation was provided. The purchases included groceries, dog food and memberships to Sam's Club. The unsupported disbursements of \$827.50 were reimbursements to Ms. Andersen for purchases and mileage for which documentation was not available.

The report also includes recommendations to strengthen the City's internal controls, such as improvements to segregation of duties, developing policies and procedures and preparation and maintenance of timecards for all hourly employees.

Copies of the report have been filed with the Division of Criminal Investigation, the Pottawattamie County Attorney's Office and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/specials.htm>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF MACEDONIA
FOR THE PERIOD
JUNE 26, 2006 THROUGH SEPTEMBER 30, 2008**

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Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of alleged improprieties regarding certain disbursements and at your request, we conducted a special investigation of the City of Macedonia. We have applied certain tests and procedures to selected financial transactions of the City of Macedonia for the period June 26, 2006 through September 30, 2008. Based on our review of relevant information and discussions with City officials and staff, we performed the following procedures:

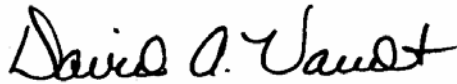
- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed the Council meeting minutes for meetings held between June 16, 2006 and September 12, 2008 for significant actions.
- (3) Examined activity in the bank accounts held by the City to identify any unusual transactions. We also examined copies of certain redeemed checks, deposit slips and related documents for propriety.
- (4) Scanned all checks issued from the City's checking account and examined documentation for certain payments to determine if payments were approved, properly supported and for appropriate purposes.
- (5) Compared the approved bill listing included in the Council meeting minutes to the redeemed checks or bank images of redeemed checks to identify any differences.
- (6) Examined payroll disbursements to the former City Clerk, Barbara Andersen, to determine if the amounts were appropriate and supported.
- (7) Confirmed payments to the City by the State of Iowa and Pottawattamie County to determine if they were properly deposited to the City's accounts.
- (8) Examined utility billing and collection records to determine if utility collections were properly accounted for and deposited.
- (9) Examined miscellaneous receipts to determine if they were properly deposited to the City's accounts.
- (10) Obtained and reviewed the former City Clerk's personal bank statements for an account held at a certain financial institution to identify the source of certain deposits.
- (11) Reviewed monthly Clerk's reports to determine if financial information was accurately reported to the Council.
- (12) Reviewed the City's Annual Financial Reports to determine if the cash balances were accurately reported.

These procedures identified \$36,269.66 of improper disbursements and \$827.50 of unsupported disbursements. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **D** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the City of Macedonia, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Division of Criminal Investigation, the Pottawattamie County Attorney's Office and the Attorney General's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the City of Macedonia and the Division of Criminal Investigation during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 24, 2008

City of Macedonia
Investigative Summary

Background Information

The City of Macedonia is located in Pottawattamie County and has a population of 325. During a Council meeting held on June 16, 2006, the Council approved hiring Barbara Andersen as City Clerk. She began her duties on June 26, 2006. According to the resolution passed by the Council, Ms. Andersen was to work 27.5 hours a week. As documented by a resolution dated August 23, 2007, the Council approved increasing Ms. Andersen's authorized hours per week to 40. As the City Clerk, Ms. Andersen was responsible for:

- 1) Receipts – collections, posting to the accounting records, deposit preparation and depositing of the receipts,
- 2) Utility Billings – preparation of billings, payment collection, posting to customer accounts and accounting records, application of penalties and/or liens, deposit preparation and deposit of collections,
- 3) Disbursements – authorizing and making purchases, receiving certain goods and services, presentation of proposed disbursements to the Council, maintaining supporting documentation, check preparation, counter-signing checks, distribution and posting to the accounting records,
- 4) Payroll – calculation, check preparation, counter-signing checks, distribution and posting to the accounting records and
- 5) Reporting – preparation of Council minutes and of financial reports, including a monthly Clerk's report.

The City's financial transactions are also reviewed by the City Treasurer. In addition, the City Treasurer reconciles the monthly bank statements to accounting records, during which she compares images of the checks drawn on the City's account to the disbursements listed by the City Clerk. The City Treasurer also prepares the monthly Treasurer's report for presentation to the Council.

The City's primary revenue sources include local option sales tax and road use tax from the State of Iowa and property taxes collected by Pottawattamie County and remitted to the City. Revenue is also received throughout the year from households and businesses in the City for water, sewer and garbage services. In addition, the City collects fees for pet licenses and building permits. A miscellaneous receipt book was maintained for pet licenses, which included the corresponding tag number for each dog license.

According to the Mayor, disbursements are made by checks which are to contain both the City Clerk's and Mayor's signatures. Invoices were submitted to Ms. Andersen, who placed them in a monthly bill folder. On the day of the Council meeting, Ms. Andersen prepared a listing of the bills for the Council's approval. The listing included all vendor invoices, reimbursement requests and payroll disbursements.

According to the Mayor, the Council approved the bill listing and did not review individual invoices unless there was a question about a specific disbursement. After the bill listing was approved by the Council, Ms. Andersen manually prepared and signed checks to make the payments. The checks were then provided to the Mayor for signature. According to the Mayor,

he also routinely signed 3 or 4 additional blank checks to be used by Ms. Andersen if an additional bill required payment prior to the next Council meeting.

After the Mayor signed the checks, Ms. Andersen distributed them to the vendors. She also recorded the check number, payee and amount of each disbursement in a ledger she maintained. In addition to the ledger, Ms. Andersen maintained 2 other sets of accounting records using *QuickBooks* and *Quicken* software. It is not known why Ms. Andersen maintained 3 sets of the accounting records which all agreed with each other.

The City maintains a checking account and a money market account. The money market account was opened in September 2007 as a savings account; however, checks are written from the account to transfer money to the checking account.

On August 29, 2008, a Council member was notified by a bank employee Ms. Andersen had received an unusually large number of checks drawn on the City's account. The Council member contacted the Mayor to discuss this concern. The Mayor subsequently reviewed the checks. He also requested the City Treasurer compile a list of all payments made between January 2007 and August 2008 to Ms. Andersen and Ms. Andersen's husband who received monthly payments authorized by the Council for Ms. Andersen's health insurance premiums.

By reviewing the list of payments prepared by the City Treasurer, the Mayor determined Ms. Andersen received more checks than authorized and the amounts of the checks exceeded Ms. Andersen's authorized pay.

On September 3, 2008, the Mayor requested the Office of Auditor of State conduct an investigation of the City's financial transactions. On September 4, 2008, Ms. Andersen was placed on paid administrative leave. She resigned from her position on September 6, 2008. As a result of the Mayor's request, we performed the procedures detailed in the Auditor of State's Report for the period June 26, 2006 through September 30, 2008.

Detailed Findings

These procedures identified \$36,269.66 of improper disbursements and \$827.50 of unsupported disbursements during the period June 26, 2006 through September 30, 2008. The improper disbursements included \$12,947.16 for improper payroll issued to Ms. Andersen which was recorded in the City's payroll journal and \$20,893.52 of additional disbursements to Ms. Andersen which she reported as payroll to the Council but did not include in the payroll journal.

The improper disbursements also include \$796.80 reimbursed to Ms. Andersen's husband for her health insurance premiums and \$1,632.18 of reimbursements to Ms. Andersen which were for personal purchases or for which no explanation was provided. The \$827.50 of unsupported disbursements are reimbursements to Ms. Andersen for purchases and mileage for which documentation was not available. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

During our investigation, we scanned all disbursements from the City's checking and money market accounts for the period June 26, 2006 through September 30, 2008 and identified several improper and unsupported disbursements made to or on behalf of Ms. Andersen. The improper and unsupported disbursements are explained in more detail in the following sections of this report.

Improper Payroll – City employees are to be paid on a bi-weekly basis. Each pay period starts on a Monday, ends on a Sunday and includes 14 days. According to the Mayor, the City's maintenance employee completed time cards but Ms. Andersen was not required to. As a result, we were unable to review the specific days and times Ms. Andersen worked for the City. However, we reviewed the payroll journal maintained by Ms. Andersen which included the amounts of gross wages, withholdings and net pay for each of her paychecks along with the date and check number. A copy of a page from the payroll journal has been included in **Appendix 1**. Using information from the payroll journal, we were able to determine the number of hours for which Ms. Andersen was paid.

As stated previously, Ms. Andersen began her duties as City Clerk on June 26, 2006 and she resigned effective September 6, 2008. We reviewed each disbursement recorded in the payroll journal for Ms. Andersen during this period and determined each of the 42 paychecks Ms. Andersen prepared for herself and recorded in the payroll journal was for an amount greater than her authorized wages. Each check Ms. Andersen issued to herself and recorded in the payroll journal is listed in **Exhibit B**.

As illustrated by the dates of the checks listed in the **Exhibit**, Ms. Andersen did not consistently prepare paychecks for herself on a bi-weekly basis. For example, the payroll journal includes 1 check issued to Ms. Andersen in September 2006 and 3 in October 2006. The payroll journal also includes only 1 check issued to her in April 2007.

As documented by a resolution passed by the Council on June 16, 2006, Ms. Andersen was initially authorized to work 27.5 hours a week and receive \$10.00 per hour. For each of the 27 pay periods falling between June 26, 2006 and August 24, 2007, Ms. Andersen's gross wages should not have exceeded \$550.00 per pay period. However, as recorded in the payroll journal, Ms. Andersen's actual gross wages per pay period ranged from \$555.00 to \$1,100.00. As illustrated by **Exhibit B**, Ms. Andersen's gross wages were \$1,100.00 for 11 pay periods, which is twice her authorized wages.

As documented by a resolution passed on August 23, 2007, the Council approved increasing Ms. Andersen's authorized hours per week to 40 and her authorized pay to \$12.00 per hour. According to the Mayor, the increase in hours and hourly rate would have been effective the following Monday or the start of the next pay period. Ms. Andersen did not consistently prepare her paychecks on a bi-weekly basis and we are unable to determine with certainty the beginning date of the next pay period. The following Monday was August 27, 2007.

For the period August 27, 2007 through September 7, 2008, there were 27 bi-weekly pay periods for which Ms. Andersen should have received a paycheck. However, beginning in October 2007, Ms. Andersen recorded only 1 paycheck per month for herself in the payroll journal rather than bi-weekly payroll disbursements as authorized by the Council.

During this period, Ms. Andersen's authorized gross wages should not have exceeded \$480.00 per week, \$960.00 per pay period or \$1,920.00 for a 4 week period. However, as illustrated by **Exhibit B**, Ms. Andersen prepared a bi-weekly payroll check for herself on September 4, 2007 which totaled \$1,620.00 of gross wages. The payroll journal also shows Ms. Andersen prepared checks on September 10 and September 17, 2007 for gross wages of \$960.00 each. Based on the dates recorded in the payroll journal, each check was for 1 week. Beginning with the first of October 2007 and continuing through August 2008, Ms. Andersen prepared a check for herself each month for gross wages of \$2,400.00.

Because the payroll journal included gross wages which exceeded the amount Ms. Andersen was authorized to receive and she used the overstated gross wages recorded in the payroll journal to calculate the City's share of payroll contributions, the City contributed more than appropriate for Ms. Andersen's authorized payroll.

Table 1 compares the maximum amount of pay the Council authorized for Ms. Andersen during her tenure as City Clerk to the amount she recorded in the payroll journal for herself. The **Table** also includes the excess withholding contributions made by the City.

Table 1

Description	For the period		Total
	06/26/06 – 08/23/07	08/24/07 – 09/06/08	
Number of weeks	61	54	
x Maximum authorized hours per week	27.5	40	
Maximum authorized hours for period	1,677.5	2,160	
x Authorized hourly wage	\$ 10.00	12.00	
Maximum wages for period	16,775.00	25,920.00	42,695.00
Actual gross wages for period per payroll journal	21,755.00	32,340.00	54,095.00
Improper wages for period	4,980.00	6,420.00	11,400.00
City's Share of withholdings for the improper wages:			
FICA (7.65% of gross wages)	380.97	491.13	872.10
IPERS [^]	286.65	388.41	675.06
Total cost to City	\$ 5,647.62	7,299.54	12,947.16

[^] - Prior to 07/01/07, the employer's IPERS contribution rate was 5.75% of gross wages. The contribution rate increased to 6.05% on 07/01/07 and to 6.35% on 07/01/08.

There was no support for the additional pay and the Council did not approve overtime or extra pay to Ms. Andersen. The checks to Ms. Andersen which exceeded her maximum authorized wage amount were signed by the Mayor and included on the approved bill listing. However, the approved bill listing prepared by Ms. Andersen did not list individual payroll checks. Rather, total wages were reported by fund. As a result, the Council members were not able to readily determine Ms. Andersen's paychecks exceeded the maximum amount authorized.

As illustrated by **Table 1**, the City incurred \$12,947.16 for the payroll disbursements Ms. Andersen issued to herself and recorded in the payroll journal which exceeded the maximum amount authorized by the Council. This amount has been included in **Exhibit A**.

Additional Checks Reported to Council as Payroll – While reviewing disbursements from the City's accounts, we identified a number of additional checks Ms. Andersen issued to herself which were not recorded in the payroll journal. Of the checks identified, 24 were included in the total wages reported by fund on the bill listing submitted to and subsequently approved by the Council. Because the checks were not individually listed by Ms. Andersen, the payments were not readily apparent to the Council members. The checks were not supported by receipts or any other type of documentation maintained in the City's records.

The 24 checks totaled \$20,893.52 and are listed in **Exhibit C**. As illustrated by the **Exhibit**, the checks ranged in amount from \$490.03 to \$933.15. The **Exhibit** also illustrates 19 of the 24 checks were for \$933.15, which agrees with the net amount of the payroll checks Ms. Andersen frequently prepared for herself. The \$20,893.52 has been included in **Exhibit A**.

On September 4, 2008, Ms. Andersen met with a special agent of the Division of Criminal Investigation (DCI). During their meeting, Ms. Andersen admitted she had issued herself additional unauthorized paychecks. It appears some of the paychecks she referred to were recorded in the City's payroll journal while others were not.

Reimbursements to Ms. Andersen – Because Ms. Andersen made supply purchases for the City and occasionally attended training as part of her job responsibilities, she periodically received reimbursements from the City. We identified 40 disbursements to Ms. Andersen during our review of the City's accounts which appear to be reimbursements. The 40 reimbursements are listed in **Exhibit D**. We reviewed each payment to determine if it was proper and for City business. In addition, we reviewed approved bill listings to determine if Ms. Andersen's reimbursements were reported to and approved by the Council. We also reviewed receipts or other supporting documentation submitted by Ms. Andersen for purchases and mileage claimed.

Using the City's copies of the redeemed checks or bank images and any supporting documentation available, we determined whether the disbursements were reasonable, improper or unsupported. For each disbursement which wasn't supported by a receipt or other appropriate documentation, we discussed the disbursement with the Mayor to determine the nature of the purchase, if known.

Disbursements which appear consistent with the City's operations, had supporting documentation or a feasible explanation was provided by City officials were classified as reasonable. Disbursements were classified as improper if the supporting documentation showed the purchase was not for goods used by the City, if the disbursement did not appear to be for a legitimate City purpose or appeared to be personal in nature. Disbursements were classified as unsupported if we were unable to determine if the purchase was for City business or personal in nature, if a City official wasn't able to determine what the payment was for and documentation was not available.

For the reimbursements to Ms. Andersen which were supported by receipts, we determined she initially did not claim reimbursement for items which were personal in nature, even if they were on a receipt which included purchases she made on behalf of the City. However, for reimbursements made to Ms. Andersen at later dates, she submitted the entire amount of receipts for reimbursement whether they included personal items or not.

As illustrated by **Exhibit D**, the improper disbursements identified included purchases of grocery items such as beef, sliced ham, sliced turkey, corn and peas, as well as dog food, paper products, plastic utensils, candy and a Sam's Club membership. In addition, 10 reimbursements to Ms. Andersen were classified as improper because there was no explanation or supporting documentation for the reimbursements. For 4 of the 10 improper reimbursements without documentation, the description of the disbursement recorded in the City's *Quicken* accounting records by Ms. Andersen indicated the reimbursement was for supplies. If Ms. Andersen had purchased supplies on behalf of the City, the appropriate documentation should have been submitted to support the reimbursements, as was done for the reimbursements included in **Exhibit D** which have been classified as reasonable.

The improper disbursements also include sales tax of \$142.55 which was paid on items included in 23 of the reimbursements. The improper reimbursements to Ms. Andersen totaled \$1,632.18. According to the Mayor, the purchases classified as improper do not appear to be for City operations. Copies of selected receipts for the improper reimbursements have been included in **Appendix 2**.

In addition to the improper reimbursements, we identified \$827.50 of unsupported reimbursements. The unsupported reimbursements include purchases and mileage claimed by Ms. Andersen which were not supported by documentation. While the locations to which Ms. Andersen traveled were not specified, the mileage reimbursements appear to be associated

with purchases made at various out-of-town vendors by Ms. Andersen. These purchases included both items for the City and personal items. As a result, we classified these mileage reimbursements as unsupported rather than improper.

City supplies were usually purchased from vendors in the Council Bluffs area. We determined the amount of mileage claimed by Ms. Andersen was not consistent. In some instances, mileage charges ranged from \$24.00 to \$30.00 within a single reimbursement, which is reasonable for a round trip to Council Bluffs to purchase supplies or conduct other City business. However, in other instances, the mileage claimed by Ms. Andersen exceeded \$40.00 within a single reimbursement. Because the destination and the mileage claimed was not properly supported, we are unable to determine the specific locations and dates for which Ms. Andersen received reimbursement. It also was apparent Ms. Andersen made personal purchases during the trips to Council Bluffs for which she received reimbursement for mileage. We are unable to determine if she purchased supplies for the City during a personal trip or purchased personal items while in Council Bluffs to make purchases for the City.

Ms. Andersen received 3 reimbursements which were described in the *Quicken* accounting records as mileage to Midwest Laboratories, the vendor which provides water testing services to the City. Because the vendor is located approximately 41 miles from Macedonia, the total mileage incurred to the vendor should not exceed approximately 82 miles per trip. As illustrated by **Exhibit D**, Ms. Andersen was reimbursed \$85.44 and \$62.30 on September 26, 2006 and April 6, 2007, respectively. Using the reimbursement rate per mile documented by Ms. Andersen on previous reimbursements, the mileage claimed for these trips calculates to 192 miles and 140 miles, respectively. Based on the dates of previous reimbursements to Ms. Andersen, it does not appear the reimbursements include multiple trips to the vendor. The reimbursement made on April 6, 2007 also included "supplies" in the description. However, invoices or receipts for supplies purchased by Ms. Andersen were not found in the City's records. As a result of the amounts of mileage claimed and the lack of supporting documentation, the reimbursements have been classified as improper.

The third reimbursement to Ms. Andersen which included mileage to Midwest Laboratories was made on May 13, 2008 and included the purchase of supplies. However, in this case, the supplies purchased were supported by receipts. The portion of the reimbursement to Ms. Andersen for mileage totaled \$83.33 which appears to be for more than a single trip. Because we are unable to determine if Ms. Andersen traveled to Midwest Laboratories on the same day or a different day from when she purchased supplies, the portion of the reimbursement for mileage has been classified as unsupported.

As a result, improper reimbursements of \$1,632.18 and unsupported reimbursements of \$827.50 have been included in **Exhibit A**.

Promotional Items Received by Ms. Andersen – As part of her job duties, Ms. Andersen purchased supplies for the City from Office Max. During our review of supporting documentation for reimbursements to Ms. Andersen, we determined she received promotional items from Office Max for certain purchases she made. Based on the invoices, the promotional items were purchased; however, the retail cost was deducted from the total cost of the invoice as a promotional item.

According to the Mayor, the promotional items identified could not be located at City Hall. In addition, the City does not have a policy regarding how to handle promotional items or gifts received as a result of purchasing supplies from various vendors. Because the City did not incur any additional charges for the promotional items and the supplies purchased in order to receive the promotional items appear reasonable, we have not included any costs in **Exhibit A. Table 2** summarizes the promotional items identified.

Table 2

Date	Description	Amount
06/08/07	Cruzer Micro 512MB USB	\$ 19.99
06/08/07	HP Summer Photo Fun Pack	24.99
07/26/07	HP School Tools Pack BTS	24.99
Total		\$ 69.97

Health Insurance Stipends for Ms. Andersen – As documented by the resolutions approved by the Council for Ms. Andersen’s wages, she was also authorized to receive health insurance benefits paid for by the City. According to the Mayor, the City does not carry a group health insurance policy for employees. However, the City provides a stipend for insurance policies which cover City employees. The stipends are paid monthly. According to the Mayor, an invoice is not submitted each month for the health insurance costs paid by the City.

Shortly after Ms. Andersen was appointed City Clerk in June 2006, she obtained COBRA insurance coverage from her former full-time employer. However, the coverage expired after December 2007. Once each month from July 2006 through December 2007, the City issued a check to Ms. Andersen’s former employer for the cost of the coverage. We reviewed a statement submitted by Ms. Andersen’s former employer documenting the cost of the coverage. We also confirmed the monthly cost with Ms. Andersen’s former employer.

According to the Mayor, Ms. Andersen was added to the health insurance policy provided by her husband’s employer after her COBRA coverage expired. From January 2008 through the time she resigned, Ms. Andersen issued a \$340.00 check each month to her husband as reimbursement for the amount withheld from his pay for the additional health insurance coverage. We obtained documentation from and spoke with a representative of Mr. Andersen’s employer. We determined \$162.70 was deducted for her portion of health insurance from each of his first 2 bi-weekly paychecks received each month.

We also determined Ms. Andersen issued more than 1 check per month to her husband on several occasions to reimburse him for the insurance premiums withheld from his pay. When Ms. Andersen met with the DCI agent, she admitted she had issued more checks to Mr. Andersen than appropriate for reimbursement of the health insurance costs. The checks issued to Mr. Andersen are listed in **Table 3**.

Table 3

Date	Check Number	Amount
01/04/08	5069	\$ 340.00
02/01/08	5089	340.00
02/15/08	5112	340.00
03/06/08	5118	340.00
04/01/08	5144	340.00
04/29/08	5175	340.00
05/23/08	5208	340.00
06/02/08	5214	340.00
07/01/08	5247	340.00
08/01/08	5288	340.00
Total		\$ 3,400.00

Table 4 compares the reimbursements to Mr. Andersen to the amounts withheld from his pay for Ms. Andersen's health insurance. As illustrated by the **Table**, Ms. Andersen prepared reimbursements to Mr. Andersen which exceeded the amount withheld from his pay by \$796.80. The total of \$796.80 is included in **Exhibit A**.

Table 4	
Description	Amount
Number of pay periods from which premiums were withheld from January 2008 through August 2008	16
x Amount withheld per pay period	\$ 162.70
Total amount withheld for Ms. Andersen's insurance	2,603.20
Amount reimbursed to Mr. Andersen by the City	3,400.00
Excess reimbursements	\$ 796.80

RECEIPTS

As previously stated, the City's primary revenue sources include taxes from the State of Iowa and Pottawattamie County. Revenue is also received from utility collections for water, sewer and garbage fees assessed to each household and business and other miscellaneous fees.

Taxes from the State – We obtained confirmation of all payments made to the City by the State of Iowa for the period July 1, 2006 through September 30, 2008. We determined all payments from the State were properly deposited in the City's checking account.

Taxes from the County – We obtained confirmation of all payments made to the City by Pottawattamie County for the period July 1, 2006 through September 30, 2008. We determined all payments from the County were properly deposited in the City's checking account.

Utility and Other Miscellaneous Collections – As previously stated, Ms. Andersen had primary responsibility for the collection of utility payments and she prepared utility reconciliations. We reviewed utility reconciliations for the months of August 2008 and October 2007. We were able to verify amounts recorded on the utility reconciliations to the billing and collections reports as well as the customer ledger cards. We determined the utility reconciliations were properly recorded and all collections were deposited in the City's checking account.

Through discussions with the Mayor, the City also received revenues from pet license applications. We reviewed the pet license receipt book and determined all collections were properly deposited in the City's checking account. Therefore, further testing was not deemed necessary.

ADMINISTRATIVE OVERSIGHT

Council Minutes – We reviewed the Council meeting minutes from June 16, 2006 through September 12, 2008. As a result of our review, we determined the minutes had not been signed by the former City Clerk or Mayor to authenticate the record. In addition, when the Council entered closed sessions, the applicable portion of section 21.5 of the *Code of Iowa* was not properly identified in the minutes.

RECOMMENDED CONTROL PROCEDURES

As part of our investigation, we reviewed the procedures used by the City of Macedonia to perform bank reconciliations and process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check of those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the City of Macedonia's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The former City Clerk had control over each of the following areas:

- (1) Receipts – collecting, posting, deposit preparation and depositing.
- (2) Utilities – billing, collecting, posting, deposit preparation, depositing, preparation of delinquency list and utility reconciliation.
- (3) Disbursements – check preparation, counter-signing, posting and distribution.
- (4) Payroll – check preparation, counter-signing, posting and distribution.
- (5) Financial reporting – preparation of monthly Clerk's report and preparation of Council minutes.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the functions listed above should be segregated between the City Clerk, Mayor, City Treasurer and Council members. In addition, Council members should review financial records, perform reconciliations and examine supporting documentation for accounting records on a periodic basis.

- B. Disbursements - Disbursements were not always supported by invoices or other appropriate documentation, such as travel reimbursement request forms and health insurance contributions. In addition, no one independent of preparation of disbursements reviewed the supporting documentation.

Also, the Mayor signed 3 or 4 blank checks each month for any bills which may be due prior to the next Council meeting.

Recommendation – All City disbursements should be supported by invoices or other appropriate supporting documentation. Specifically, travel reimbursement requests should document the location and the reason for the travel and health insurance premiums paid by the City should document the actual cost of the insurance plan.

The Council should continue to require each check be signed by 2 people and the practice of signing blank checks should be discontinued. When counter-signing the checks, the Mayor should compare invoices and supporting documentation to the check. In addition, the Council should develop a written policy regarding payment of obligations prior to Council approval.

- C. Policy and Procedures Manual – The City does not have any written accounting policies and procedures.

Recommendation – Written policies and procedures should be developed to provide the following benefits:

- (1) Aid in training additional or replacement personnel,
- (2) Help achieve uniformity in accounting and in the application of policies and procedures,
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

The policies and procedures should address the duties of the City Clerk, record keeping and promotional items received from vendors.

- D. Council Minutes – Chapter 21 of the *Code of Iowa* requires minutes be kept for all meetings of governmental bodies. Such minutes are to reference the *Code* section under which the entity is entering into a closed session. During our review of minutes, we determined:

- (1) The minutes were not always properly signed by the former City Clerk or Mayor to authenticate the record as required by section 380.7(4) of the *Code*.
- (2) On 2 occasions, the minutes did not reference the *Code* section authorizing the closed session, as required by section 21.5 of the *Code*.
- (3) Not all disbursements were presented to the Council for its approval.

Recommendation – The Council should ensure the City Clerk and/or Mayor sign all meeting minutes and all closed sessions are properly documented. In addition, the Council should ensure all City obligations are paid by check and presented to the Council for its approval.

- E. Accounting System – During our review of disbursements, we identified the City is processing accounting transactions using multiple accounting systems, such as *QuickBooks*, *Quicken* and a manual ledger.

Recommendation – The City should determine which accounting system to use and keep only a single set of records to avoid duplication.

- F. Payroll – Sufficient documentation was not maintained for the payroll disbursements to the former City Clerk. Timesheets should be prepared and maintained for all employees paid on a hourly basis. Also, any vacation and sick leave used should be recorded on the timesheets.

In addition, the former City Clerk prepared her pay checks on a different pay period than other City employees.

Recommendation – The Council should implement procedures to ensure all hourly employees maintain timecards, which are reviewed by someone who would have a basis for determining if the information recorded is accurate. In addition, the City Treasurer, Mayor, a Council Member or an individual independent of payroll preparation should periodically compare the payroll

checks to the payroll journal and timecards to ensure the amounts disbursed are appropriate and properly supported.

Also, all City employees should be paid on the same pay period basis.

- G. Health Insurance – While the City does not carry a group health insurance policy, the City has provided health insurance coverage for employees by paying for the premiums for coverage obtained by the employee. In the past, City employees have obtained coverage by purchasing COBRA or participating in family plans provided by their spouse's employer. The City has not established a maximum amount to be paid for each City employee's health insurance coverage.

Recommendation – The Council should establish a written policy regarding the maximum amount to be paid by the City for each employee's health insurance coverage. The policy should be reviewed and updated periodically.

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Exhibits

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Summary of Findings
For the period June 26, 2006 through September 30, 2008

Description	Exhibit/ Table	Improper	Unsupported	Total
Improper and unsupported disbursements:				
Improper payroll	Table 1	\$ 12,947.16	-	12,947.16
Additional checks reported to Council as payroll	Exhibit C	20,893.52	-	20,893.52
Reimbursements to Barbara Andersen	Exhibit D	1,632.18	827.50	2,459.68
Health insurance stipends for Barbara Andersen	Table 4	796.80	-	796.80
Total		<u>\$ 36,269.66</u>	<u>827.50</u>	<u>37,097.16</u>

Exhibit B

Report on Special Investigation of the
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Payroll Disbursements to Barbara Andersen per the Payroll Journal
For the period June 26, 2006 through September 30, 2008

Per Payroll Journal								
Check Date	Check Number	Gross Wages	Federal Withholding	State Withholding	FICA	IPERS **	Medicare	Net Wages
07/13/06	4489	\$ 840.00	38.00	31.00	52.08	31.08	12.18	675.66
07/27/06	4493	555.00	12.00	15.00	34.41	20.54	8.05	465.00
08/10/06	4521	580.00	14.00	16.00	35.96	21.46	8.41	484.17
08/24/06	4526	580.00	14.00	16.00	35.96	21.46	8.41	484.17
09/06/06	4530	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
10/03/06	4558	590.00	16.00	17.00	36.58	21.83	8.56	490.03
10/19/06	4577	590.00	16.00	17.00	36.58	21.83	8.56	490.03
10/23/06	4579	590.00	16.00	17.00	36.58	21.83	8.56	490.03
11/01/06	4583	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
11/16/06	4609	590.00	16.00	17.00	36.58	21.83	8.56	490.03
12/01/06	4612	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
12/15/06	4647	590.00	16.00	17.00	36.58	21.83	8.56	490.03
01/02/07	4654	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
01/19/07	4686	590.00	16.00	17.00	36.58	21.83	8.56	490.03
02/01/07	4689	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
02/20/07	4718	590.00	16.00	17.00	36.58	21.83	8.56	490.03
03/02/07	4722	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
03/20/07	4749	590.00	16.00	17.00	36.58	21.83	8.56	490.03
04/02/07	4754	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
05/01/07	4790	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
05/15/07	4811	590.00	16.00	17.00	36.58	21.83	8.56	490.03
06/10/07	4817	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
06/15/07	4842	590.00	16.00	17.00	36.58	21.83	8.56	490.03
07/02/07	4851	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
07/19/07	4878	610.00	16.00	17.00	36.58	21.83	8.56	510.03
08/01/07	4884	1,100.00	16.00	26.00	68.20	40.70	15.95	933.15
08/13/07	4906	590.00	16.00	17.00	36.58	21.83	8.56	490.03
Subtotal before wage increase		21,755.00	446.00	568.00	1,347.57	804.20	315.22	18,274.01

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Payroll Disbursements to Barbara Andersen per the Payroll Journal
For the period June 26, 2006 through September 30, 2008

Per Payroll Journal									
Check Date	Check Number		Gross Wages	Federal Withholding	State Withholding	FICA	IPERS **	Medicare	Net Wages
09/04/07	4911	^	1,620.00	68.00	73.00	100.44	59.94	23.49	1,295.13
09/10/07	4934		960.00	52.00	35.00	59.52	35.52	13.92	764.04
09/17/07	4935		960.00	52.00	35.00	59.52	35.52	13.92	764.04
10/05/07	4965	#	2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
11/01/07	4994		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
12/03/07	5005		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
01/02/08	5047		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
02/01/08	5088		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
03/01/08	5115		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
04/01/08	5143		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
05/01/08	5178		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
06/02/08	5213		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
07/01/08	5246		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
08/01/08	5289		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
09/01/08	5325		2,400.00	160.00	97.00	148.80	88.80	34.80	1,870.60
Subtotal after wage increase			32,340.00	2,092.00	1,307.00	2,005.08	1,196.58	468.93	25,270.41
Total			\$ 54,095.00	2,538.00	1,875.00	3,352.65	2,000.78	784.15	43,544.42

^ - On August 23, 2007, the City Council approved Resolution 2007-12 which authorized the former City Clerk, Barbara Andersen, to work 40 hours per week at \$12.00 per hour.

- Ms. Andersen changed her payroll to monthly; however, City Council approved her to be paid bi-weekly.

** - Prior to July 1, 2007, the employer's IPERS contribution rate was 5.75%. The contribution rate increased to 6.05% on July 1, 2007 and increased to 6.35% on July 1, 2008.

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Additional Checks Issued to Barbara Andersen and Reported as Payroll
For the period June 26, 2006 through September 30, 2008

Check Date	Check Number	Amount
04/16/07	4785	\$ 490.03
09/27/07	4938	933.15
10/02/07	4939	764.04
10/15/07	4967	764.04
10/29/07	4970	933.15
11/13/07	5000	381.52
11/20/07	5001	764.04
11/29/07	5003	933.15
12/03/07	5007	933.15
12/09/07	5031	933.15
12/17/07	5040	933.15
01/07/08	5081	933.15
01/15/08	5083	933.15
01/28/08	5085	933.15
02/12/08	5110	933.15
03/14/08	5139	933.15
04/15/08	5173	933.15
05/19/08	5206	933.15
06/10/08	5238	933.15
06/16/08	5241	933.15
07/15/08	5281	933.15
07/24/08	5283	933.15
08/12/08	5321	933.15 ^
08/21/08	5323	933.15
Total		<u>\$ 20,893.52</u>

^ - Check number 5321 was issued for \$1,081.46.
The remaining portion was a reimbursement
to Barbara Andersen. See **Exhibit D**.

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Reimbursements to Barbara Andersen
For the period June 26, 2006 through September 30, 2008

Reimbursement to Barbara Andersen				
Check Date	Check Number	Description per Quicken	Amount	Vendor
08/02/06	4516	Milage reimb	\$ 47.17	None
08/31/06	4527	Supplies & Mileage	119.44	Sam's Club None
09/26/06	4555	Mileage to Midwest Laboratories	85.44	None
10/19/06	4578	Mileage	91.83	Office Max None
11/16/06	4608	Deed Recorder Fee & Mileage	47.60	None
12/11/06	4639	Deed Recorder Fee & Mileage **	102.83	Dollar General Sam's Club None
12/18/06	4649	Deed Recorder Fee & Mileage **	55.76	Dollar General None None
01/30/07	4687	Deed Recorder Fee & Mileage **	217.10	Office Max
03/16/07	4748	Mileage & Supplies	125.12	Office Max None None None None

Per Supporting Documentation		Auditor's Classification		
Description	Amount	Reasonable	Improper	Not Supported
Mileage (106 miles @ 0.445 / mile) - <i>Unknown Travel</i>	\$ 47.17	-	-	47.17
Copy Paper	25.48	25.48	-	-
CB311BN (HP Combo Value Pack - #21 (Black), #21 (Black), #22 (Tri-color))	42.35	42.35	-	-
Bath Tissue	21.37	21.37	-	-
Sales Tax	6.24	-	6.24	-
Mileage (54 Miles @ 0.445 / Mile) - <i>Unknown destination</i>	24.00	-	-	24.00
<i>None</i>	85.44	-	85.44	-
2 Color Printing Calculator	49.99	49.99	-	-
Ribn-Calc Twin Spool Black	4.29	4.29	-	-
Add Roll 2-1/4"x130' 12 pk	6.59	6.59	-	-
Sales Tax	4.26	-	4.26	-
Mileage (<i>Unknown destination and number of miles</i>)	26.70	-	-	26.70
<i>None</i>	47.60	-	-	47.60
90 MIN AUDIO TAPE 4P	3.00	3.00	-	-
3PK 60 MIN CASSETTE (x2 @ \$1.00)	2.00	2.00	-	-
CB311BN (HP Combo Value Pack - #21 (Black), #21 (Black), #22 (Tri-color))	42.35	42.35	-	-
Snow Shovel	17.88	17.88	-	-
Sales Tax	4.22	-	4.22	-
Mileage (75 Miles @ 0.445 / Mile) - <i>Unknown destination</i>	33.38	-	-	33.38
COMET POWER	1.00	1.00	-	-
2PK SPONGE SCOUR	1.25	1.25	-	-
5 PLY GARLAND	2.00	2.00	-	-
SWIFFER WET CLOTHS	4.00	4.00	-	-
SWIFFER	10.00	10.00	-	-
DGG WINDOW CLEANER W	1.00	1.00	-	-
Sales Tax	1.35	-	1.35	-
Mileage to Harlan (74 Miles @ \$0.445)	32.93	32.93	-	-
Mileage to Carson (5 Miles @ \$0.445)	2.23	2.23	-	-
Black Leather Exec EZ Chair (<i>Located at City Hall</i>)	149.99	149.99	-	-
Promo Discount	(50.00)	(50.00)	-	-
HP Ink 21 Twin Blk	28.49	28.49	-	-
Tape Matt .75x900 6pk 2 Di	9.99	9.99	-	-
File Fldr 1/3 2 Positiontr	12.99	12.99	-	-
Env Security #10 500 count	28.99	28.99	-	-
Sales Tax	12.62	-	12.62	-
<i>Unknown, appears to be mileage</i>	24.03	-	-	24.03
Print Master Platinum V.17	39.98	39.98	-	-
Sales Tax	2.80	-	2.80	-
Mileage to Carson - 4 Trips (Newspaper) [20 Miles @ \$0.445]	8.90	8.90	-	-
Mileage to Courthouse [55 Miles @ \$0.445]	24.48	24.48	-	-
Mileage to Courthouse [55 Miles @ \$0.445]	24.48	24.48	-	-
Mileage to Council Bluffs - Supplies [55 Miles @ \$0.445]	24.48	24.48	-	-

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Reimbursements to Barbara Andersen
For the period June 26, 2006 through September 30, 2008

Reimbursement to Barbara Andersen				
Check Date	Check Number	Description per Quicken	Amount	Vendor
04/05/07	4779	Supplies & Equipment	240.43	Sam's Club Office Max
04/06/07	4782	Mileage Midwest Lab & Supplies	62.30	None
05/25/07	4812	Mileage	102.80	None
06/07/07	4836	Mileage	126.06	Office Max None
06/21/07	4846	Mileage	33.38	None
06/29/07	4848	Mileage	92.80	None Wal-Mart None
07/05/07	4871	Supplies	21.91	None Dollar General
07/12/07	4875	Mileage to SRF Meeting & Carson (2)	48.95	None
07/24/07	4880	Supplies & Mileage	207.00	Office Max Menard's

Per Supporting Documentation		Auditor's Classification		
Description	Amount	Reasonable	Improper	Not Supported
CB311BN (HP Combo Value Pack - #21 (Black), #21 (Black), #22 (Tri-color))	42.35	42.35	-	-
ENERGIZER12P	11.37	11.37	-	-
8OZ CUP	14.78	14.78	-	-
COPY PAPER	23.50	23.50	-	-
STAPLER PACK	13.43	13.43	-	-
MAXELL T-120	10.56	10.56	-	-
PURE LIFE	4.24	4.24	-	-
Sales Tax	8.12	-	8.12	-
Audio Cassette UR-90 2PK (2x @ \$1.69)	3.38	3.38	-	-
Asst Gel Crystal Flex Rest (Mouse/Keyboard Wrist Rest)	9.99	9.99	-	-
5.8GHz Cordless Phone TRU9	52.00	52.00	-	-
1Yr Elec Replcmnt Pln	11.99	11.99	-	-
Labels Multipurpose 1x2	18.89	18.89	-	-
OMX Copy 14" Ream	8.49	8.49	-	-
Sales Tax	7.34	-	7.34	-
None	62.30	-	62.30	-
None	102.80	-	102.80	-
HP Ink 21 Twin Blk	28.49	28.49	-	-
HP Ink 22 Tri-Color Twin	34.99	34.99	-	-
OMX Asst 5 Clr Pastl 20#	8.59	8.59	-	-
Sales Tax	5.04	-	5.04	-
Mileage (Unknown destination and number of miles)	48.95	-	-	48.95
None	33.38	-	33.38	-
Mileage (Unknown destination and number of miles)	24.48	-	-	24.48
AQUAFINA	3.74	3.74	-	-
ROUNDUP X (x2 @ \$18.88)	37.76	37.76	-	-
S/L 2FER VNK (x2 @ \$10.87)	21.74	-	21.74	-
SC CRAN CKTL (x2 @ \$2.97)	5.94	-	5.94	-
TROPICIANA (x2 @ \$2.98)	5.96	-	5.96	-
None	(6.82)	-	-	(6.82)
Mileage (Unknown destination and number of miles)	13.35	-	-	13.35
90 MIN AUDIO TAPE 4P (x2 @ \$3.00)	6.00	6.00	-	-
DGG ANTIBAC SOAP REF	2.00	2.00	-	-
Sales Tax	0.56	-	0.56	-
None	48.95	-	-	48.95
Mileage (92 Miles @ 0.445 / Mile) - Unknown destination	40.94	-	-	40.94
12 Outlets 8' Cord	49.99	49.99	-	-
Standard Rubber Band #19 1	1.79	1.79	-	-
HP Ink 21 Twin Blk (x2 @ \$28.49)	56.98	56.98	-	-
Sales Tax	7.62	-	7.62	-
3-SPEED PULLCHAIN SW	6.47	6.47	-	-
HOOK ADHESIVE 2/CD	0.99	0.99	-	-
POWER GEAR LOPPER	38.97	38.97	-	-
Sales Tax	3.25	-	3.25	-

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Reimbursement to Barbara Andersen				
Check Date	Check Number	Description per Quicken	Amount	Vendor
08/06/07	4902	Supplies	78.75	Sam's Club None
08/16/07	4907	Supplies & Mileage	48.49	Office Max Sam's Club # None
09/07/07	4930	Supplies	27.43	Dollar General None
10/04/07	4964	Mileage	48.51	
11/01/07	4974	Supplies?Mileage	53.62	Sam's Club None None
11/13/07	4999	Supplies	241.72	Sam's Club
11/20/07	5001	None	24.51	None
12/06/07	5012	Supplies	95.95	Menard's None
12/21/07	5043	Supplies	128.50	

Per Supporting Documentation		Auditor's Classification		
Description	Amount	Reasonable	Improper	Not Supported
110 ADV PRIM REN, AUTORENEW APPLIED (<i>Non-City Account</i>)	40.00	-	40.00	-
MM 33 GAL ST (<i>Member's Mark Trash Bags</i>)	13.44	13.44	-	-
BATH TISSUES	21.37	21.37	-	-
Sales Tax - <i>Should only be \$2.44 [(\$13.44 + \$21.37) x 7.00%]</i>	3.44	-	3.44	-
<i>None</i>	0.50	-	-	0.50
Ribn-Calc Twin Spool Black (x2 @ \$4.49)	8.98	8.98	-	-
<i>Unreadable - appears to perhaps be calculator ribbon</i>	4.49	4.49	-	-
<i>Unknown</i>	8.32	-	-	8.32
Mileage (<i>Unknown destination and number of miles</i>)	26.70	-	-	26.70
90 MIN AUDIO TAPE 4P (x3 @ \$3.00)	9.00	9.00	-	-
Sales Tax	0.63	-	0.63	-
Mileage (<i>Unknown destination and number of miles</i>)	17.80	-	-	17.80
<i>Unknown</i>	48.51	-	48.51	-
ICE MTN WTR	4.74	4.74	-	-
PAPER TOWEL	12.88	12.88	-	-
Sales Tax	1.23	-	1.23	-
Mileage (78 Miles @ 0.445 / Mile) - <i>Unknown destination</i>				
[<i>Total foots to \$34.71.</i>]	34.77	-	-	34.77
CB311BN (<i>HP Combo Value Pack - #21 (Black), #21 (Black), #22 (Tri-color)</i>)	42.47	42.47	-	-
SHEET PROTCT	9.46	9.46	-	-
#10 ENVELOPE	6.46	6.46	-	-
COPY PAPER	27.88	27.88	-	-
12 OZ HOTCUP (x2 @ \$11.76)	23.52	-	23.52	-
TWIST BULB	13.86	13.86	-	-
BEEF	12.23	-	12.23	-
SLICED HAM (x2 @ \$14.77)	29.54	-	29.54	-
SLICE TURKEY (x2 @ \$19.88)	39.76	-	39.76	-
FORKS 300 CT	8.56	-	8.56	-
FOAM PLATES	7.14	-	7.14	-
FOAM PLATE	10.36	-	10.36	-
Sales Tax	10.48	-	10.48	-
<i>None</i>	24.51	-	24.51	-
C-9 MULTI TRANS BULB (3x @ \$0.98)	2.94	2.94	-	-
13W Mini Twist CFL 2	5.97	5.97	-	-
Coupon 49234400000	(4.00)	(4.00)	-	-
Sales Tax	0.34	-	0.34	-
AAA 16PK ENERGIZER M	9.44	9.44	-	-
25W CLEAR IDRIDESCENT (7x @ \$1.39)	9.73	9.73	-	-
IVORY MINIBLIN	3.74	3.74	-	-
Sales Tax	1.60	-	1.60	-
D-12PK RAYOVAC ALK P	9.97	9.97	-	-
C-9 MULTI TRANS BULB (9x @ \$0.98)	8.82	8.82	-	-
Sales Tax	1.32	-	1.32	-
Mileage (95 Miles) - <i>Unknown destination and rate per mile</i>	46.08	-	-	46.08
<i>Unknown</i>	128.50	-	128.50	-

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Reimbursements to Barbara Andersen
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Reimbursement to Barbara Andersen				
Check Date	Check Number	Description per Quicken	Amount	Vendor
01/15/08	5048	Supplies & Mileage	108.60	Office Max Menard's
03/21/08	5140	Supplies	203.07	Menard's Sam's Club No Frills Supermarket Sam's Club None
03/28/08	5141	Supplies	91.80	Wal-Mart None
04/22/08	5174	Supplies	250.90	
05/08/08	5200	Supplies	184.83	Dollar General USPS Mr. Ed's Flag Pole Co.
05/13/08	5204	Supplies	175.81	Menard's Office Max

Per Supporting Documentation		Auditor's Classification		
Description	Amount	Reasonable	Improper	Not Supported
Cosmic Orange 24# 500pk	10.49	10.49	-	-
Open/Closed Deluxe Sign	15.99	15.99	-	-
Rbn-Calc Tw Spool Blk/Red	6.49	6.49	-	-
Ink 21 Twin Blk	28.49	28.49	-	-
Paper Mate Apex Blue 4Pk	4.19	4.19	-	-
Sales Tax	4.60	-	4.60	-
BICYCLE TIRE PUMP W/ (Used with Water Treatment Plant)	8.96	8.96	-	-
MILK CHOCOLATE M&M'S	1.95	-	1.95	-
Sales Tax	0.76	-	0.76	-
Mileage (Unknown destination and number of miles)	26.68	-	-	26.68
BASIC PLEAT FILTR 16	2.59	2.59	-	-
K-9 PET SAFE ICE MEL	9.98	9.98	-	-
Sales Tax	0.88	-	0.88	-
3/16" PROOF COIL 10'	9.57	9.57	0.67	-
Sales Tax	0.67	-	-	-
TAPE DISP.	9.57	9.57	-	-
CB311BN (HP Combo Value Pack - #21 (Black), #21 (Black), #22 (Tri-color))	42.47	42.47	-	-
Sales Tax	3.64	-	3.64	-
DIST WATER	3.16	3.16	-	-
PEAS (4x @ \$0.40)	1.60	-	1.60	-
DT MT DEW	5.99	-	5.99	-
BOTTLE DEPOSIT	1.20	-	1.20	-
GIANT JELLS (2x @ \$0.97)	1.94	-	1.94	-
CHOCOLATE STARS	2.96	-	2.96	-
CF GREEN BEA (2x @ \$0.40)	0.80	-	0.80	-
OF CORN (2x @ \$0.40)	0.80	-	0.80	-
CRM STY CORN (2x @ \$0.53)	1.06	-	1.06	-
Sales Tax	0.76	-	0.76	-
PAPER TOWEL	12.88	12.88	-	-
COFFEE FILTR	5.87	5.87	-	-
PURE LIFE	3.88	3.88	-	-
Mileage (160 Miles) - \$0.505 Rate - Unknown destination	80.80	-	-	80.80
LYSOL WIPES	2.56	2.56	-	-
M M CANDY	2.44	-	2.44	-
DD UPRIGHT (may be purchase of a vacuum)	54.83	54.83	-	-
Sales Tax	4.19	-	4.19	-
Mileage (Unknown destination and number of miles)	27.78	-	-	27.78
Unknown	250.90	-	250.90	
90 MIN AUDIO TAPE 4P (x3 @ \$3.00)	9.00	9.00	-	-
Postage	0.97	0.97	-	-
#12 3/8" Rope - 50'	15.00	15.00	-	-
5x8 Flag	105.00	105.00	-	-
Sales Tax	8.40	-	8.40	-
Mileage (Unknown destination and number of miles)	46.46	-	-	46.46
DTM SAFETY YEL C.800	26.97	26.97	-	-
Sales Tax	1.89	-	1.89	-
HP Ink 21 Twin Blk	28.49	28.49	-	-
Pro Plus Gel Blue 4-pk	5.99	5.99	-	-
Mail 1x2-5/8 3000 Wht Lsr	24.99	24.99	-	-
Sales Tax	4.15	-	4.15	-
Mileage (165 miles to Midwest Laboratories) - \$0.505 Rate	83.33	-	-	83.33

Report on Special Investigation of the
City of Macedonia

Reimbursements to Barbara Andersen
For the period June 26, 2006 through September 30, 2008

Reimbursement to Barbara Andersen				
Check Date	Check Number	Description per Quicken	Amount	Vendor
05/22/08	5207	Supplies	203.63	
06/10/08	5239	Supplies	341.96	Bomgaars Sam's Club Mr. Ed's Flag Pole Co. Menard's None
07/01/08	5249	Supplies	96.31	None
07/15/08	5281		66.50	None
07/24/08	5283		45.63	None
07/29/08	5286	Supplies	119.25	Sam's Club
08/12/08	5321 @	None	148.31	Sam's Club
Total			\$ 4,612.00	

^ - Documentation available was not the original receipt.

** - Appears the description entered on *Quicken* for a previous check was not updated or deleted.

- Notation by Barbara Andersen. A receipt was not found in the City's records.

@ - Check number 5321 was issued for \$1,081.46. The remaining portion of \$933.15 was reported as payroll. See **Exhibit C**.

Per Supporting Documentation		Auditor's Classification		
Description	Amount	Reasonable	Improper	Not Supported
<i>Unknown</i>	203.63	-	203.63	
ROUNDUP (2 @ \$26.99)	53.98	53.98	-	-
2-CYCLE OIL	2.79	2.79	-	-
RUCKER'S CANDY (2 @ \$2.49)	4.98	-	4.98	-
TIE WIRE	4.99	4.99	-	-
ROUNDUP POISON IVY (2 @ \$23.99)	47.98	47.98	-	-
KEY BLANK	2.50	2.50	-	-
Sales Tax	8.21	-	8.21	-
ENERGIZER	8.48	8.48	-	-
CB311BN (HP Combo Value Pack - #21 (Black), #21 (Black), #22 (Tri-color))	42.47	42.47	-	-
BRIGHT PAPER	7.22	7.22	-	-
MM ANTIBAC	7.22	7.22	-	-
HNZ KETCHUP	6.34	-	6.34	-
PURE LIFE	3.88	3.88	-	-
BATH TISSUE	22.48	22.48	-	-
Sales Tax	6.15	-	6.15	-
SS Flag Snaps (4 @ \$10.00)	40.00	40.00	-	-
Sales Tax	2.80	-	2.80	-
WEED STOP 2X 32 OZ C (2x @ \$6.97)	13.94	13.94	-	-
Mileage (110 Miles @ \$0.505 /mile) - <i>Unknown destination</i>	55.55	-	-	55.55
<i>Unknown</i>	96.31	-	96.31	
<i>Unknown</i>	66.50	-	66.50	
<i>Unknown</i>	45.63	-	45.63	
X-FACTOR (Gatorade X-Factor Variety Pack)	12.88	-	12.88	-
PAPER TOWEL	13.37	13.37	-	-
MM 33 GAL ST (Member's Mark Trash Bags)	15.46	15.46	-	-
GE 8PK (GE Energy Smart Light Bulbs)	12.63	12.63	-	-
PROFILE PEN (Paper Mate Profile Retractable Pen)	9.83	9.83	-	-
CB311BN (HP Combo Value Pack - #21 (Black), #21 (Black), #22 (Tri-color))	42.47	42.47	-	-
BTK INF SET	4.81	4.81	-	-
Sales Tax	7.80	-	7.80	-
110 ADV PRIM REN, AUTORENEW APPLIED (Non-City Account)	40.00	-	40.00	-
KIBBLES (Purina Kibbles and Chunks)	17.46	-	17.46	-
PURE LIFE	3.88	3.88	-	-
PURE LIFE	3.88	3.88	-	-
X-FACTOR (Gatorade X-Factor Variety Pack)	12.88	-	12.88	-
BRIGHT PAPER	7.22	7.22	-	-
#10 ENVELOPE	6.73	6.73	-	-
MOZZ STICKS (Farm Rich Breaded Cheese Sticks)	9.82	-	9.82	-
MM CHICKEN (Member's Mark Chicken Breast)	11.37	-	11.37	-
COPY PAPER	29.88	29.88	-	-
Sales Tax	5.19	-	5.19	-
	<u>\$ 4,612.00</u>	<u>2,152.32</u>	<u>1,632.18</u>	<u>827.50</u>

Report on the Special Investigation of the
City of Macedonia

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Melissa J. Knoll-Speer, Senior Auditor
James R. Wittenwyler, Staff Auditor

A handwritten signature in black ink that reads "Tamera S. Kusian". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

Report on Special Investigation of the
City of Macedonia

Copies of Pages from Payroll Journal
For the period June 26, 2006 through September 30, 2008

NAME: Barbara Andersen SOCIAL SECURITY No. _____
ADDRESS: _____ PHONE: _____
DATE EMPLOYED: 6/26/06
DATE TERMINATED: _____
REASON: _____
DATE OF BIRTH: _____
PLACE OF BIRTH: _____
SINGLE ☐ MARRIED ☒

PERIOD	EARNINGS			GROSS	TOTAL YEAR TO DATE	DEDUCTIONS				NET AMOUNT	DATE	Warrant Number
	REG.	O. T.	HOURS			F. I. C. A.	F. E. D. T. A.	S. T. A. T. E.	I. N. S.			
1				840.00		38.00	52.08	31.08	31.00	12.18	7-13-06	4489
2				555.00		12.00	34.41	20.54	15.00	8.25	7-27-06	4493
3				580.00		14.00	35.96	21.76	16.00	8.41	8-10-06	4521
4				580.00		14.00	35.96	21.76	16.00	8.41	8-24-06	4526
5				1100.00		16.00	68.20	46.70	26.00	15.95	9-4-06	4530
6												
7												
8												
9												
				3655.00		94.00	226.61	135.54	164.00	53.00		Totals
1				590.00		16.00	36.58	21.83	17.00	8.56	10-13-06	4553
2				590.00		16.00	36.58	21.83	17.00	8.56	10-19-06	4577
3				590.00		16.00	36.58	21.83	17.00	8.56	10-23-06	4579
4				1100.00		16.00	68.20	46.70	26.00	15.95	11-1-06	4583
5				590.00		16.00	36.58	21.83	17.00	8.56	11-16-06	4609
6				1100.00		16.00	68.20	46.70	26.00	15.95	12-1-06	4612
7				590.00		16.00	36.58	21.83	17.00	8.56	12-14-07	4647
8												
9												
				5150.00		112.00	319.30	190.55	137.00	74.70		Totals

NAME: _____

FORM 88-87 © 1997 PARSONS & SON CO., BAYVIEW, MD

Report on Special Investigation of the
City of Macedonia

Copies of Pages from Payroll Journal
For the period June 26, 2006 through September 30, 2008

NAME M. Barbara Anderson SOCIAL SECURITY No. _____
ADDRESS _____ PHONE _____
DATE OF BIRTH _____ DATE EMPLOYED 6/26/06
PLACE OF BIRTH _____ DATE TERMINATED _____
SINGLE ☐ MARRIED ☒ REASON _____

PERIOD	HOURS		EARNINGS		GROSS	TOTAL YEAR TO DATE	DEDUCTIONS					NET AMOUNT	DATE	Warrant Number
	REG.	O. T.	REG.	OVERTIME			F. I. C. A.	FEDERAL W. H. TAX	I. P. E. R. S.	STATE W. H. TAX	INS.			
1					2400.00		160.00	148.80	88.80	97.00	34.80	1870.60	1-2-08	5647
2					2400.00		160.00	148.80	88.80	97.00	34.80	1870.60	2-1-08	5888
3					2400.00		160.00	148.80	88.80	97.00	34.80	1870.60	3-1-08	5115
4														
5														
6														
7														
8														
9					7200.00		480.00	446.40	266.40	291.00	104.40	5611.80		Totals
1					2400.00		160.00	148.80	88.80	97.00	34.80	1870.60	4-1-08	5143
2					2400.00		160.00	148.80	88.80	97.00	34.80	1870.60	5-1-08	5178
3					2400.00		160.00	148.80	88.80	97.00	34.80	1870.60	6-2-08	5213
4														
5														
6														
7														
8														
9					7200.00		480.00	446.40	266.40	291.00	104.40	5611.80		Totals

FORM 56-SP • MATT PARSONS & SONS CO., WATERLOO, IOWA 50687

Report on Special Investigation of the
City of Macedonia

Copies of Selected Receipts for Reimbursement to Barbara Andersen
For the period June 26, 2006 through September 30, 2008

CITY OF MACEDONIA

322 MAIN STREET

P.O. BOX 33

MACEDONIA, IA 51549

Phone 712-486-2323

Fax 712-486-2501

*Barbara Andersen
Supplies*



DOLLAR GENERAL STORE #06040
514 SOUTH HWY
OAKLAND, IA 51560-4065
(712) 482-5596

13W MINI SPIRAL 2PK 7.00 S
043168973854-2

SUBTOTAL \$7.00
Tax1 \$0.49
TOTAL \$7.49
CHECK \$7.49
AUTH# 6040

ITEMS 1
2007-11-07 15:43:54 06040 01 3501

TIME IS MONEY.
SAVE BOTH AT DOLLAR GENERAL!



CLUB MANAGER STEVE JOHNSON
(712) 366-0130
Fax and Pull # (712) 366-0128
COUNCIL BLUFFS, IA

11/08/07 16:40 2495 6472 009 1554

V MEMBER 101-10062335831

THANK YOU,
BARBARA MANZER

93350 CB311BN	42.47 T
974885 SHEET PROTCT	9.46 T
712123 #10 ENVELOPE	6.46 T
930536 COPY PAPER	27.88 T
964166 12 OZ HOTCUP	11.76 T
964166 12 OZ HOTCUP	11.76 T
786796 TWIST BULB	13.86 T
290642 BEEF	12.23 N
937715 SLICED HAM	14.77 N
937715 SLICED HAM	14.77 N
937722 SLICE TURKEY	19.88 N
937722 SLICE TURKEY	19.88 N
337375 FORKS 300 CT	8.56 T
309658 FOAM PLATES	7.14 T
309231 FOAM PLATE	10.36 T
SUBTOTAL	231.24
TAX 1 7.000 %	10.48
TOTAL	241.72
CHECK TEND	241.72
ANGE DUE	0.00

~~SOLD 15~~

TC# 0502 3462 3104 0707 7692 3



Join us November 16, 17 & 18 for
the Holiday

Report on Special Investigation of the
City of Macedonia

Copies of Selected Receipts for Reimbursement to Barbara Andersen
For the period June 26, 2006 through September 30, 2008



1801 Valley View Drive
Council Bluffs, IA 51503
712-322-4326

Cashier Today Is: JON G

10019

BIST WATER	3.16 F
PEAS	0.40 F
PEAS	0.40 F
OF MT DEW	5.99 B
BOTTLE DEPOSIT	1.20 F
GIANT JELLS	0.97 B
GIANT JELLS	0.97 B
CHOCOLATE STARS	2.96 B
OF GREEN BEA	0.40 F
PEAS	0.40 F
OF CORN	0.40 F
CAN STY CORN	0.53 F
PEAS	0.40 F
OF CORN	0.40 F
CAN STY CORN	0.53 F
OF GREEN BEA	0.40 F
TAX	0.76
GR TIP	20.27
CASH CHECK	20.27
CHANGE	0.00

TOTAL NUMBER OF ITEMS SOLD = 19

Total Advertised Savings: 2.3
Total: 2.36 or 10 percent off

03/15/08 04:26pm 6 2 270 239

Tell us about your visit!

Store #06

WIN A \$250 SHOPPING SPREE!

A winner every month!

Call toll-free 1-866-476-1386

Or enter online at:

www.yourfeedback.to/nofrills

Complete una simple encuesta

Hablanos Espanol

Thank you for shopping No Frills #06
Where yr "Savor the Savings"!

Report on Special Investigation of the
City of Macedonia

Copies of Selected Receipts for Reimbursement to Barbara Andersen
For the period June 26, 2006 through September 30, 2008

*pd
ck #532*

**Sam's
CLUB**

CLUB MANAGER STEVE JOHNSON
(712) 366 - 0130
Fax and Pull # (712)366-0128
COUNCIL BLUFFS, IA
08/11/08 18:35 9076 6472 007 128

V MEMBER 101-10062335831

THANK YOU,
BARBARA MANZER

110 ADV PRIM REN	40.00 N
AUTORENEW APPLIED	
700549 KIBBLES	17.46 T
E 949149 PURE LIFE	3.88 N
E 949149 PURE LIFE	3.88 N
E 643728 X-FACTOR	12.88 T
322382 BRIGHT PAPER	7.22 T
712123 #10 ENVELOPE	6.73 T
E 633073 MOZZ STICKS	9.82 N
E 822665 MM CHICKEN	11.37 N
930536 COPY PAPER	29.88 T
SUBTOTAL	143.12
TAX 1 7.000 %	5.19
TOTAL	148.31
CHECK TEND	148.31
CHANGE DUE	0.00

ITEMS SOLD TO

TC# 0753 5281 2142 1608 3876 5



Save big on last minute travel!

Visit samsclub.com/travel

08/11/08 18:36:53